

80TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } No. 1370

CIVIL SERVICE RETIREMENT ACT

FEBRUARY 12, 1948.—Ordered to be printed

Mr. REES, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 4127]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4127) to amend the Civil Service Retirement Act of May 29, 1930, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: That section 1 of the Civil Service Retirement Act of May 29, 1930, as amended, is amended to read as follows:

"SEC. 1. (a) Any officer or employee to whom this Act applies who shall have attained or shall hereafter attain the age of sixty years and have rendered at least thirty years of service computed as prescribed in section 5 of this Act, or who shall have attained or shall hereafter attain the age of sixty-two years and have rendered at least fifteen years of such service, shall, upon separation from the service, be paid an annuity computed as provided in section 4 of this Act.

"(b) Any officer or employee to whom this Act applies who shall have attained or shall hereafter attain the age of fifty-five years and have rendered at least thirty years of service computed as prescribed in section 5 of this Act shall, upon separation from the service, be paid an annuity computed as provided in section 4 of this Act, reduced by one-fourth of 1 per centum for each full month such officer or employee is under the age of sixty years.

"(c) Any officer or employee to whom this Act applies, after having rendered at least twenty-five years of service computed as prescribed in section 5 of this Act, shall, upon involuntary separation from the service not by removal for cause on charges of misconduct or delinquency, be paid an immediate life annuity computed as provided in section 4 of this Act reduced by one-fourth of 1 per centum for each full month such officer or

employee is under the age of sixty years. This subsection shall become effective July 1, 1947.

"(d) Any special agent, special agent in charge, inspector, Assistant Director, assistant to the Director, Associate Director, or the Director, who is at least fifty years of age and who has rendered twenty years of service or more as a special agent, or as aforesaid above, in the Federal Bureau of Investigation may, on his own application and with the consent of the Attorney General, retire from the service and such annuity of such employee shall be equal to 2 per centum of his average basic salary for the five years next preceding the date of his retirement, multiplied by the number of years of service, not exceeding thirty years."

SEC. 2. Section 2 of the Act of May 29, 1930, as amended, is amended to read as follows:

"SEC. 2. (a) Except as provided in section 204 of the Act of June 30, 1932 (47 Stat. 404), and section 3 of the Act of July 13, 1937 (50 Stat. 512), any officer or employee to whom this Act applies who shall have completed fifteen years of service computed as provided in section 5 of this Act shall, on the last day of the month in which he attains the age of seventy years, or completes fifteen years of service if then beyond such age, be automatically separated from the service, and all salary, pay, or compensation shall cease from that date, and the head of each department, branch, or independent office of the Government concerned shall notify each such employee under his direction of the date of his separation from the service at least sixty days in advance thereof: Provided, That should the head of the department, branch, or independent office fail, through error, to give timely notification, the employee's separation from the service shall not be effected without his consent until the expiration of said sixty-day period. Upon such separation, the officer or employee shall be eligible for retirement on annuity as provided in section 4 hereof.

"(b) No person who is receiving an annuity under the provisions of this Act and who has reached the age of sixty years shall be eligible again to appointment to any appointive office, position, or employment under the Government of the United States or of the District of Columbia, unless the appointing authority determines that he is possessed of special qualifications: Provided, That no deductions for the retirement fund shall be withheld from the salary, pay, or compensation of such person, but there shall be deducted from his salary, pay, or compensation otherwise payable a sum equal to the retirement annuity allocable to the period of actual employment: Provided further, That the annuity in such case shall not be redetermined upon such person's subsequent separation from the service."

SEC. 3. (a) Except insofar as amendments made by this Act change rates of interest and eliminate tontine deductions, such amendments shall not apply to any person subject to the provisions of section 3A of the Act of May 29, 1930, as amended, and the rights and obligations of such person under such Act shall continue as though this Act had not been enacted.

(b) Section 3 (a) of the Act of May 29, 1930, as amended, is amended by adding at the end thereof the following:

"Notwithstanding any other provision of this Act, any officer or employee in the legislative branch of the Government within the classes of officers or employees which were made eligible for the benefits of this Act by the Act of July 13, 1937, serving in such position on the effective date of this Act, may give notice of his desire to come within the purview of this Act at any time prior to July 1, 1948."

SEC. 4. Section 4 of the Act of May 29, 1930, as amended, is amended to read as follows:

"SEC. 4. (a) The annuity of an officer or employee retired under this Act shall be a life annuity, terminable upon the death of the annuitant and shall be an amount equal to the following: (1) 1½ per centum of the average annual basic salary, pay, or compensation received by the officer or employee during any five consecutive years of allowable service at the option of the officer or employee multiplied by the years of service, or (2) 1 per centum of the average annual basic salary, pay, or compensation received by the officer or employee during any five consecutive years of allowable service at the option of the officer or employee multiplied by the years of service, plus a sum equal to \$25 for each year of such service: Provided, That in no case shall the annuity exceed an amount equal to 80 per centum of the highest average annual basic salary, pay, or compensation received by the officer or employee during five consecutive years of allowable service.

"(b) Any officer or employee, if a husband, retiring under the provisions of section 1, 2, or 6 of this Act may at the time of his retirement elect to receive in lieu of the life annuity described herein a reduced annuity and an annuity after his death payable to his surviving widow designated by him at time of retirement equal to 50 per centum of such life annuity. The annuity of the officer or employee making such election shall be equal to 90 per centum of such life annuity, reduced by three-fourths of 1 per centum of such life annuity for each full year, if any, his wife is under the age of sixty at the date of such retirement, but shall in no case be less than 75 per centum of such life annuity. The annuity of such widow shall begin on the first day of the month in which the death of the husband occurs or the first day of the month following the widow's attainment of age fifty, whichever is the later, and such annuity or any right thereto shall terminate upon her death or remarriage.

"(c) Any unmarried officer or employee in good health retiring under the provisions of section 1 or 2 of this Act may at the time of his retirement elect to receive in lieu of the life annuity described herein a reduced annuity payable to him during his life, and an annuity after his death payable to a survivor annuitant having an insurable interest in such officer or employee, duly designated in writing and filed with the Civil Service Commission at the time of his retirement, during the life of such survivor annuitant equal to 50 per centum of such reduced annuity and upon the death of such survivor annuitant all payments shall cease and no further annuity shall be due and payable. The annuity hereunder payable to the officer or employee shall be 90 per centum of the life annuity otherwise payable if the survivor annuitant is the same age or older than the annuitant, or is less than five years younger than the annuitant; 85 per centum if the survivor annuitant is five but less than ten years younger; 80 per centum if the survivor annuitant is ten but less than fifteen years younger; 75 per centum if the survivor annuitant is fifteen but less than twenty years younger; 70 per centum if the survivor annuitant is twenty but less than twenty-five years younger; and 60 per centum if the survivor annuitant is twenty-five or more years younger. No such election shall be valid until the retiring officer or employee shall have satisfactorily passed a physical examination as prescribed by the Civil Service Commission. No person shall be eligible to receive an annuity under this subsection and an annuity under subsection (c) of section 12, based upon the service of the same officer or employee, covering the same period of time.

"(d) For the purpose of this Act all periods of service shall be computed in accordance with section 5 hereof, and the monthly annuity installment shall be fixed at the nearest dollar.

"(c) Except as provided in sections 501 and 522 (b) of the Federal Employees Pay Act of 1945, as amended, the term 'basic salary, pay, or compensation', wherever used in this Act, shall be so construed as to exclude from the operation of the Act all bonuses, allowances, overtime pay, or salary, pay, or compensation given in addition to the base pay of the position as fixed by law or regulation."

SEC. 5. The first paragraph of section 5 of the Act of May 29, 1930, as amended, is amended to read as follows:

"Subject to the provisions of section 9 hereof, the aggregate period of service which forms the basis for calculating the amount of any annuity provided in this Act shall be computed from the date of original employment, whether as a classified or an unclassified officer or employee in the civil service of the United States, or in the service of the District of Columbia, including periods of service at different times and in one or more departments, branches, or independent offices, or the legislative branch of the Government, and also periods of service performed overseas under authority of the United States, and periods of honorable service in the Army, Navy, Marine Corps, or Coast Guard of the United States; in the case of an officer or employee, however, who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included, except that in the case of an officer or employee who is eligible for and receives retired pay on account of a service-connected disability incurred in combat with an enemy of the United States or resulting from an explosion of an instrument of war, the period of the military service shall be included: Provided, That an officer or employee must have served for a total period of not less than five years exclusive of such military or naval service before he shall be eligible for annuity under this Act. Nothing in this Act shall be construed as to affect in any manner an officer's or employee's right to retired pay, pension, or compensation in addition to the annuity herein provided."

SEC. 6. The first three paragraphs of section 6 of the Act of May 29, 1930, as amended, are amended to read as follows:

"Any officer or employee to whom this Act applies who shall have served for a total period of not less than five years computed as provided in section 5 of this Act, and who, before meeting the age and service requirements for retirement under section 1 (a) hereof, becomes totally disabled for useful and efficient service in the grade or class of position occupied by the officer or employee, by reason of disease or injury not due to vicious habits, intemperance, or willful misconduct on the part of the officer or employee, shall upon his own application or upon the request or order of the head of the department, branch, or independent office concerned, be retired on an annuity computed in accordance with the provisions of section 4 hereof: Provided, That proof of freedom from vicious habits, intemperance, or willful misconduct for a period of more than five years next prior to becoming so disabled for useful and efficient service, shall not be required in any case. No officer or employee shall be retired under the provisions of this section unless examined by a medical officer of the United States, or a duly qualified physician or surgeon, or board of physicians or surgeons, designated by the Civil Service Commission for that purpose, and found to be disabled in the degree and in the manner

CIVIL SERVICE RETIREMENT ACT

5

specified herein. No claim shall be allowed under the provisions of this section unless the application for retirement shall have been executed prior to the applicant's separation from the service or within six months thereafter. The time limitation for execution of claims for retirement under the terms of this section may be waived by the Civil Service Commission in case of an officer or employee who at the date of separation from service or within six months thereafter is receiving hospital treatment, but the application in such case must be filed with the Civil Service Commission not later than six months after the termination of such hospitalization; in the case of any such person heretofore separated from service application may be filed within six months after the effective date of this Act. Such time limitation may similarly be waived in the case of an officer or employee who at the date of separation from service or within six months thereafter is mentally incompetent, but the application in such case must be filed with the Civil Service Commission within one year from the date of restoration of such person to competency or the appointment of a fiduciary whichever is the earlier.

"Every annuitant retired under the provisions of this section unless the disability for which retired be permanent in character, shall at the expiration of one year from the date of such retirement and annually thereafter, until reaching age sixty, be examined under the direction of the Civil Service Commission by a medical officer of the United States, or a duly qualified physician or surgeon, or board of physicians or surgeons designated by the Civil Service Commission for that purpose, in order to ascertain the nature and degree of the annuitant's disability, if any. If an annuitant shall recover before reaching age sixty and be restored to an earning capacity which would permit him to be appointed to some appropriate position fairly comparable in compensation to the position occupied at the time of retirement, payment of the annuity shall be continued temporarily to afford the annuitant opportunity to seek such available position, but not in any case exceeding one year from the date of the medical examination showing such recovery. Should the annuitant fail to appear for examination as required under this section, payment of the annuity shall be suspended until continuance of the disability shall have been satisfactorily established. The Civil Service Commission may order or direct at any time such medical or other examination as it shall deem necessary to determine the facts relative to the nature and degree of disability of any officer or employee retired on an annuity under this section.

"If a recovered disability annuitant whose annuity is discontinued subsequent to June 30, 1945, shall fail to obtain reemployment in any position included in the provisions of this Act, he shall be considered as having been separated from the service within the meaning of section 7 of this Act as of the date he was retired for disability and shall, after the discontinuance of the disability annuity, be entitled to a deferred annuity in accordance with the provisions of such section."

SEC. 7. Section 7 of the Act of May 29, 1930, as amended, is amended to read as follows:

"SEC. 7. (a) Should any officer or employee to whom this Act applies after having rendered five years of civilian service, computed as prescribed in section 5 of this Act, but less than twenty years of creditable civilian service and before becoming eligible for retirement under section 1 (a) of this Act become separated from the service, such officer or employee shall be paid as he may elect, (A) a deferred annuity beginning at the age of sixty-

two years, or the age at separation if beyond the age of sixty-two, computed as provided in section 4 (a) of this Act, or (B) the total amount credited to his individual account together with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded on December 31 of each year to date of separation.

"(b) Should any officer or employee to whom this Act applies, after having rendered at least twenty years of creditable civilian service and before becoming eligible for retirement under section 1 (a) of this Act become separated from the service, such officer or employee shall be paid a deferred annuity beginning at the age of sixty-two years, or the age at separation if beyond the age of sixty-two, computed as provided in section 4 (a).

"(c) All amounts returned to an officer or employee under this section must upon reinstatement, retransfer, or reappointment to a position within the purview of this Act, be redeposited, together with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded on December 31 of each year, by such officer or employee before he may receive any credit for the service covered by the refund. Such interest shall not be required for any period during which the officer or employee is separated from the service."

SEC. 8. Section 8 of the Act of May 29, 1930, as amended, is amended to read as follows:

"SEC. 8. In the case of any officer or employee who before the effective date of this Act shall have been retired on annuity under the provisions of the Act of May 22, 1920, as amended, or section 8 (a) of the Act of June 16, 1933, the annuity shall be increased, effective on the first day of the second month following the month in which this Act is enacted by 25 per centum or \$300, whichever is the lesser: Provided, That each such annuitant may, prior to the effective date herein prescribed, elect to retain his or her present annuity, in lieu of the increased annuity provided by this section, and name his wife or her husband to receive upon his or her death one-half of his or her present annuity but not to exceed \$600 per annum during the remainder of the life of such surviving husband or wife and upon the death of such survivor no further annuity shall be due or payable. Except as provided in this paragraph, the amendments made by this Act shall not apply in the case of officers and employees retired prior to the effective date of this Act.

"In case any officer or employee shall have been separated subsequent to January 23, 1942, and prior to the effective date of this Act and have acquired title to annuity under section 7 of the Act of May 29, 1930, as amended, beginning after such effective date, his rights shall be determined and annuity computed as though this Act had not been enacted."

SEC. 9. Section 9 of the Act of May 29, 1930, as amended, is amended to read as follows:

"SEC. 9. Each officer or employee within the purview of this Act shall deposit, with interest at 4 per centum per annum to December 31, 1947 and 3 per centum per annum thereafter, compounded on December 31 of each year, to the credit of the 'civil-service retirement and disability fund' a sum equal to 2½ per centum of his basic salary, pay, or compensation received for services rendered after July 31, 1920, and prior to July 1, 1926; 3½ per centum of the basic salary, pay, or compensation for services rendered from and after July 1, 1926, and prior to July 1, 1942; 5 per

CIVIL SERVICE RETIREMENT ACT

7

centum of said basic pay, salary, or compensation for services rendered from and after July 1, 1942, and prior to the first day of the first pay period which begins after June 30, 1948, and also 6 per centum thereafter, covering service during which no deductions were withheld for deposit in the said fund. Such interest shall not be required for any period during which the officer or employee is separated from the service. Each such officer or employee may elect to make such deposits in installments during the continuance of his service in such amounts and under such conditions as may be determined in each instance by the Civil Service Commission. The amount so deposited shall be credited to the individual account of the officer or employee in the said fund. Notwithstanding the failure of an officer or employee to make such deposit, credit shall be allowed for the service rendered, but the annuity of such employee shall be reduced by an amount equal to 10 per centum of the amount of such deposit, unless the officer or employee shall elect to eliminate such service entirely from credit under this Act: Provided, That no deposit shall be required for any service rendered prior to August 1, 1920, or for periods of honorable service in the Army, Navy, Marine Corps, or Coast Guard of the United States."

Sec. 10. The first two paragraphs of section 10 of the Act of May 29, 1930, as amended, are amended to read as follows:

"Beginning as of July 1, 1942, there shall be deducted and withheld from the basic salary, pay, or compensation of each officer or employee to whom this Act applies a sum equal to 5 per centum of such officer's or employee's basic salary, pay, or compensation: Provided, That from and after the first day of the first pay period which begins after June 30, 1948, there shall be deducted and withheld from the basic salary, pay, or compensation of each officer or employee to whom this Act applies a sum equal to 6 per centum of such officer's or employee's basic salary, pay, or compensation. The amounts so deducted and withheld from the basic salary, pay, or compensation of each officer or employee shall, in accordance with such procedure as may be prescribed by the Comptroller General of the United States, be deposited in the Treasury of the United States to the credit of the civil-service retirement and disability fund created by the Act of May 22, 1920, and said fund is hereby appropriated for the payment of annuities, refunds, and allowances as provided in this Act.

"Any officer or employee may at his option and under such regulations as may be prescribed by the Civil Service Commission deposit additional sums in multiples of \$25 but not to exceed 10 per centum of his annual basic salary, pay, or compensation, for service rendered since August 1, 1920, which amount together with interest thereon at 3 per centum per annum compounded as of December 31 of each year, shall, at the date of his retirement, be available to purchase, as he shall elect and in accordance with such rules and regulations as may be prescribed by the Civil Service Commission, an annuity in addition to the annuity provided by this Act. The life annuity shall consist of \$7 for each \$100, increased by 20 cents for each full year, if any, such officer or employee is over the age of 55 years at the date of retirement. In the event of death or separation from the service of such officer or employee before becoming eligible for retirement on annuity, the total amount so deposited, with interest at 3 per centum per annum to date of death or separation compounded on December 31 of each year, shall be refunded in accordance with the provisions of section 12 of this Act. In case a retired employee who is receiving a life annuity under this paragraph shall die without having received in annuity pur-

chased by the total amount so deposited, with interest at 3 per centum per annum compounded on December 31 of each year, to date of retirement, the difference shall be paid, upon the establishment of a valid claim therefor, in the order of precedence prescribed in section 12 (e)."

SEC. 11. Section 12 of the Act of May 29, 1930, as amended, is amended to read as follows:

"SEC. 12. (a) Under such regulations as may be prescribed by the Civil Service Commission the amounts deducted and withheld from the basic salary, pay, or compensation of each officer or employee for credit to the 'civil-service retirement and disability fund' created by the Act of May 22, 1920, covering service from and after August 1, 1920, shall be credited to an individual account of such officer or employee.

"(b) (1) In the case of any officer or employee to whom this Act applies who shall become absolutely separated from the service before he shall have completed an aggregate of five years of service computed as prescribed in section 5 of this Act, or who shall be transferred to a position not within the purview of this Act, the amount credited to his individual account together with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter compounded on December 31 of each year to date of separation shall be returned to such officer or employee: Provided, That in computing interest under this subsection, a fractional part of a month in the total service covered by the refund shall be disregarded, and no interest shall be allowed in any case unless the service covered by the refund aggregates more than one year.

"(2) All amounts returned to an officer or employee under this subsection must, upon reinstatement, retransfer, or reappointment to a position within the purview of this Act, be redeposited, together with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded on December 31 of each year, by such officer or employee before he may receive any credit for the service covered by the refund. Such interest shall not be required for any period during which the officer or employee is separated from the service.

"(c) (1) In case any officer or employee to whom this Act applies shall die subsequent to the date of enactment of this Act after having rendered at least five years of civilian service computed as prescribed in section 5 of this Act and is survived by a widow, such widow shall be paid an annuity beginning the first day of the month following the death of the officer or employee or following the widow's attainment of age fifty, whichever is the later, equal to one-half the amount of an annuity computed as provided in section 4 (a) hereof with respect to such officer or employee: Provided, That such payments or any right thereto shall cease upon death or remarriage of the widow.

"(2) In case any officer or employee to whom this Act applies shall die subsequent to the date of enactment of this Act after having rendered at least five years of civilian service computed as prescribed in section 5 of this Act, or after having retired subsequent to such date of enactment under section 1, 2, or 6, and is survived by a widow and a child or children, such widow shall be paid an immediate annuity terminable upon death, remarriage, or attainment of age 50. The annuity payable to the widow of such officer or employee shall be equal to one-half the amount of an annuity computed as provided in section 4 (a) hereof with respect to such officer or employee. The annuity payable to the widow of such annuitant shall be equal to one-half the amount of the annuity which such annuitant

was receiving at the time of his death excluding any portion thereof purchased by voluntary contributions under the second paragraph of section 10, or, if such annuitant had elected a reduced annuity under subsection (b) or (c) of section 4, one-half of the annuity which such annuitant would have received if he had not made such election. There shall also be paid to or on behalf of each such child an immediate annuity equal to one-half the amount of the annuity of such widow, but not to exceed \$900 divided by the number of such children or \$360, whichever is lesser. Upon the death of such widow, the annuity of such child or children shall be recomputed and paid as provided in paragraph (3) of this subsection.

"(3) In case any officer or employee to whom this Act applies shall die subsequent to the date of enactment of this Act after having rendered at least five years of civilian service computed as prescribed in section 5 of this Act or after having retired subsequent to such date of enactment under section 1, 2, or 6, and leaves no surviving widow or widower but leaves a surviving child or children, there shall be paid to or on behalf of each such child an immediate annuity equal to the amount of the annuity to which such widow would have been entitled under paragraph (2) of this subsection had she survived, but not to exceed \$1,200 divided by the number of such children or \$480, whichever is lesser.

"(4) The annuity payable to a child under this subsection shall be terminable upon (A) his attaining the age of eighteen years, (B) his marriage, or (C) his death, whichever first occurs, except that if such child is incapable of self-support by reason of mental or physical disability his annuity shall be terminable only upon death, marriage, or recovery from such disability. In any case in which the annuity of a child, under this subsection, is terminated, the annuities of any other child or children, based upon the service of the same officer or employee, shall be recomputed and paid as though the child whose annuity was so terminated had not survived such officer or employee."

"(d) As used in this section—

"(1) The term 'widow' means a surviving wife of an individual, who either (A) shall have been married to such individual for at least two years immediately preceding his death, or (B) is the mother of issue by such marriage.

"(2) The term 'child' means an unmarried child, including a dependent stepchild or an adopted child, under the age of eighteen years, or such unmarried child who because of physical or mental disability is incapable of self-support.

"(3) Questions of dependency and disability arising under this section shall be determined by the Civil Service Commission and its decisions with respect to such matters shall be final and conclusive and shall not be subject to review. The Commission may order or direct at any time such medical or other examinations as it shall deem necessary to determine the facts relative to the nature and degree of disability of any annuitant or applicant for annuity under this section, and may suspend or deny any such annuity for failure to submit to any such examination.

"(e) In any case in which—

"(1) an officer or employee to whom this Act applies shall die before having rendered five years of civilian service computed as prescribed in section 5, or after having rendered five years of civilian service but without a survivor or survivors entitled to annuity benefits provided by subsection (c), or

"(2) the right of all persons entitled to annuity under subsection (c) based on the service of such officer or employee shall terminate before a valid claim therefor shall have been established, the total amount credited to the individual account of such officer or employee with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded on December 31 of each year, to the date of death of such officer or employee, shall be paid upon the establishment of a valid claim therefor, in the following order of precedence:

"First, to the beneficiary or beneficiaries designated in writing by such officer or employee and recorded with the Civil Service Commission;

"Second, if there be no such beneficiary, to the duly appointed executor or administrator of the estate of such officer or employee;

"Third, if there be no such beneficiary or executor or administrator, payment may be made, after the expiration of thirty days from the date of the death of the officer or employee, to such person or persons as may appear in the judgment of the Civil Service Commission to be legally entitled thereto, and such payment shall be a bar to recovery by any other person.

"(f) In case any separated officer or employee who is entitled to a deferred annuity as provided in section 7 hereof shall die before having established a valid claim for annuity, the total amount credited to his individual account with interest at 4 per centum per annum to December 31, 1947, or the date of separation, whichever is earlier, and 3 per centum per annum thereafter, compounded on December 31 of each year, to date of death, shall be paid upon the establishment of a valid claim therefor, in the order of precedence prescribed in subsection (e).

"(g) In any case in which—

"(1) a retired officer or employee shall die without a survivor entitled to annuity benefits provided by subsection (b) or (c) of section 4 or subsection (c) of this section, or

"(2) a retired officer or employee shall die leaving a survivor or survivors entitled to such annuity benefits and the right to annuity of all such survivors shall terminate before a valid claim therefor shall have been established, or

"(3) the annuities of all persons entitled to annuity based upon the service of an officer or employee shall terminate, before the aggregate amount of annuity paid equals the total amount credited to the individual account of such officer or employee with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded on December 31 of each year, to date of death or retirement of such officer or employee, whichever first occurs, the difference shall be paid, upon the establishment of a valid claim therefor, in the order of precedence prescribed in subsection (e).

"(h) Any accrued annuity remaining unpaid upon the death of any retired officer or employee shall be paid, upon the establishment of a valid claim therefor, in the order of precedence prescribed in subsection (e). Any accrued annuity remaining unpaid upon the termination (other than by death) of the annuity of any person based upon the service of an officer or employee shall be paid to such person. Any accrued annuity remaining unpaid upon the death of any person receiving annuity based upon the

service of an officer or employee shall be paid, upon the establishment of a valid claim therefor, in the following order of precedence:

"First, to the duly appointed executor or administrator of the estate of such person;

"Second, if there is no such executor or administrator, payment may be made, after the expiration of thirty days from the date of death of such person, to such individual or individuals as may appear in the judgment of the Civil Service Commission to be legally entitled thereto, and such payment shall be a bar to recovery by any other individual.

"(i) Where any payment under this Act is to be made to a minor, or to a person mentally incompetent or under other legal disability adjudged by a court of competent jurisdiction, such payment may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of such claimant or is otherwise legally vested with the care of the claimant or his estate: Provided, That where no guardian or other fiduciary of the person under legal disability has been appointed under the laws of the State of residence of the claimant, the Civil Service Commission shall determine the person who is otherwise legally vested with the care of the claimant or his estate.

"(j) In case a former employee entitled to the return of the amount credited to his individual account shall become legally incompetent, the total amount due may be paid to a duly appointed guardian or committee of such former employee. If the amount of refund due such former employee does not exceed \$1,000, and if there has been no demand upon the Civil Service Commission by a duly appointed guardian or committee, payment may be made, after the expiration of thirty days from date of separation from the service, to such person or persons, in the discretion of the Commission, who may have the care and custody of such former employee, and such payment shall be a bar to recovery by any other person.

"(k) Each employee or retired employee to whom this Act applies shall, under regulations prescribed by the Civil Service Commission, designate a beneficiary or beneficiaries for the purposes of this Act."

SEC. 12. The first paragraph of section 13 of the Act of May 29, 1930, as amended, is amended to read as follows:

"Annuities granted under the terms of this Act shall accrue monthly and shall be due and payable in monthly installments on the first business day of the month following the month or other period for which the annuity shall have accrued. Payment of all annuities, refunds, and allowances granted hereunder shall be made by checks drawn and issued by the Treasury Department in such form and manner and with such safeguards as shall be prescribed by the Civil Service Commission in accordance with the laws, rules, and regulations governing accounting that may be found applicable to such payments."

SEC. 13. The third paragraph of section 13 of the Act of May 29, 1930, as amended, is amended to read as follows:

"An annuity granted for retirement under the provisions of section 1 or 2 of this Act shall commence the first day of the month following the date of separation from the service, or on the first day of the month following the month in which salary shall cease provided the employee meets the age and service requirements for retirement at that time, and shall

continue during the life of the annuitant. An annuity granted under the provisions of section 6 or 7 hereof shall be subject to the limitations specified in said sections."

SEC. 14. Section 14 of the Act of May 29, 1930, as amended, is hereby repealed.

SEC. 15. Except as otherwise provided herein, this Act shall become effective on the first day of the second month following the month of approval.

And the Senate agree to the same.

EDWARD H. REES,
WM. H. STEVENSON,
JOHN C. BUTLER,
TOM MURRAY,
JOHN E. LYLE,

Managers on the Part of the House.

WILLIAM LANGER,
RAYMOND BALDWIN,
RALPH E. FLANDERS,
DENNIS CHAVEZ,
OLIN D. JOHNSTON,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4127) to amend the Civil Service Retirement Act of May 29, 1930, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause. The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate, with an amendment which is a substitute for both the House bill and the Senate amendment, and that the Senate agree to the same.

Except for the differences noted in the following statement, the conference substitute is substantially the same as the House bill.

Under subsection (b) of section 1 of the House bill the annuity of an officer or employee retiring voluntarily between the ages of 55 and 60 after 30 years of service would be reduced by one-half of 1 percent for each month such officer or employee is under the age of 60. The Senate amendment did not change existing law which provides that the reduction in such cases shall be determined on an actuarial basis. The conference agreement provides for a reduction of one-fourth of 1 percent for each month such officer or employee is under the age of 60.

Subsection (c) of section 1 of the House bill provided for retirement of an officer or employee who is involuntarily separated from the service after having rendered at least 25 years of service upon a reduced annuity. Such retirement on reduced annuity was also made available under the House bill to an officer or employee with 25 years of service who accepts a position with a lower rate of basic compensation after having been involuntarily separated from a position with higher rate of basic compensation and thereafter leaves the service voluntarily. The conference agreement eliminates the portion of subsection (c) providing for retirement benefits for an officer or employee who is voluntarily separated after having accepted a position with a lower rate of basic compensation.

Section 1 of the House bill did not contain the provision in the present law allowing certain officers and employees of the Federal Bureau of Investigation who render 20 years of service and attain age 50 to retire on annuity. The Senate amendment did not change existing law. The conference agreement provides for continuing the retirement benefits contained in existing law with respect to such officers and employees.

Under subsection (a) of section 4 of the House bill, which relates to the computation of annuities, credit is allowed covering periods of service with respect to which refunds have been received and have not been redeposited, and for past service with respect to which no deductions were withheld from salary and no deposit made. However, the annuity with respect to such periods would be computed by multiplying the product of the 5-year average salary and the years of service by 1 percent rather than by 1½ percent as in the case of service for which full contribution or deposit has been made. The conference agreement eliminates this provision from section 4, and provides (in

secs. 7 and 12) that no credit may be allowed for any period of service with respect to which a refund has been made, unless the employee redeposits the amount refunded together with interest. Credit would be allowed, under the conference agreement (sec. 9), for past service rendered in positions not within the purview of the act, but in any case in which deposit is not made for such service in an amount equal to the deductions which would have been withheld from salary had the employee been subject to the act, plus interest, the annuity will be reduced by an amount equal to 10 percent of the amount owed.

Section 4 (a) of the House bill provided that in no case should the annuity computed thereunder exceed 90 percent of the highest average annual compensation received by the officer or employee during five consecutive years of allowable service. The conference agreement provides that such annuity shall not exceed an amount equal to 80 percent of such 5-year average.

Subsection (b) of section 4 of the House bill provided that an officer or employee, if a husband, retiring under the provisions of sections 1, 2, or 6 of the act may at the time of his retirement elect to receive a reduced annuity equal to 90 percent of the life annuity to which he would have otherwise been entitled, with an annuity after his death payable to his widow. The conference agreement retains this provision but provides that the husband's annuity will be further reduced by three-fourths of 1 percent for each full year, if any, his wife is under age 60 at the date of his retirement. No annuity, however, would be reduced by more than 25 percent. Under the House bill, the widow's annuity would begin at age 60 and would terminate upon her death. The conference agreement permits payment of the widow's annuity at age 50 but provides that such annuity or right thereto will terminate upon the widow's remarriage as well as upon her death. Also, under the House bill, only a widow who had been married to the annuitant for the last 5 years preceding his death or who is the mother of issue by the marriage would be eligible for an annuity under this section. The conference agreement eliminates this qualification and requires only that the widow be unmarried.

Subsection (c) of section 4 of the House bill provided that any officer or employee retiring under section 1 or 2 might, upon a showing of good health, elect to take a reduction in his annuity of from 10 to 40 percent, depending upon the difference between his age and that of his designated survivor, with an annuity after his death to such survivor. The conference agreement retains this provision but provides that such election will be available only to unmarried officers and employees, and that only persons having an insurable interest in the life of the officer or employee may be designated as survivor beneficiaries. Provision is also made in the conference agreement to prevent survivors from simultaneously receiving annuity under this subsection and section 12 (c).

Section 7 of the House bill provided that employees separated from the service with 5 or more years of civilian service would be eligible for a deferred annuity beginning at age 62, but that any such employee who had not more than 10 years of service could elect to receive in lieu thereof a refund of his contributions with interest. Upon re-employment in a position under the act an employee who elected to take a refund would be required to deposit the amount of the refund, without interest, in order to get full credit for the service covered by the refund. As indicated in the discussion of the provisions of section

4 an employee who took a refund, who was reemployed, and who failed to redeposit the refund would nevertheless receive partial credit for the service covered by the refund. The conference agreement modifies this section in the following respects: First, the option to take a refund is extended to employees who have had not more than 20 years of allowable civilian service. Second, employees who take a refund will receive no credit whatsoever for the service covered by the refund unless they become reemployed in a position under the act and redeposit all amounts so refunded with interest covering periods of employment.

Under section 8 of the House bill the annuities of employees who are separated prior to the effective date of the bill, and who have deferred annuity rights but who have not yet reached the age at which their annuities will become payable, would be computed under the new formula contained in section 4 except that if the employee was involuntarily separated and elected to take a reduced annuity beginning at age 55, the reduction would be figured on an actuarial basis as is the case under existing law. Under the conference agreement the right to annuity and the computation thereof would be governed entirely by existing law.

Section 9 of the House bill permits employees who have rendered past service in positions not covered by the act to make deposits, without interest, for such service and thereby to obtain full credit therefor for the purposes of their annuity computation. As pointed out in the explanation of section 4, credit was given on a reduced basis even where no such deposit was made. Under the conference agreement deposits to obtain full credit must be accompanied by interest covering periods of employment. And, as explained in the discussion of section 4, the reduction in annuity will be computed on a different basis from that provided in the House bill, the amount of the reduction under the conference agreement being 10 percent of the amount of the unpaid deposit and interest.

Section 10 of the House bill increased the rate of deductions from the compensation of employees under the act from 5 to 6 percent, effective as of the first day of the first pay period in 1948. The conference agreement changes the effective date of the increase to the first day of the first pay period beginning after June 30, 1948.

Provisions were contained in section 10 of the House bill setting forth the specific amounts of annuity purchasable with voluntary contributions in the case of persons under the age of 60, persons aged 60 to 65, and persons aged 65 to 70. The conference agreement substitutes a formula for arriving at the amount purchasable at each age. The formula provides that the amount of life annuity purchasable with each \$100 would be \$7 increased by 20 cents for each year, if any, the employee is over age 55 at retirement.

Section 11 of the House bill proposed to amend section 12 of the Retirement Act so as to provide for payment of certain annuity benefits to widows of deceased employees and widows of employees hereafter retiring. In the case of widows of active employees dying after more than 5 years of civilian service, annuities would be payable in all cases beginning at age 60, except that, if the employee also leaves a surviving unmarried child or children under the age of 18, the widow's annuity would become payable immediately upon the death of the employee. In the latter case the widow's annuity would terminate if the children reached 18 or were married prior to the

widow's attainment of age 60, but would be resumed when she attained that age. The widow of a retired employee would be entitled to an annuity under this section only if the employee also left a surviving child, and the annuity would terminate upon the child's reaching age 18, the marriage of the child, or the widow's attainment of age 60, whichever first occurs.

The conference agreement retains the provisions of the House bill relating to widows' annuities, but provides that the annuities in cases where there are no children will commence at age 50 rather than age 60. Under the conference agreement the annuity of the widow of an employee dying in service would terminate only upon death or remarriage. The annuity of the widow of an annuitant would terminate not only upon death or remarriage, but also upon attainment of age 50. In addition the conference agreement provides annuities for unmarried children under 18 of deceased annuitants and employees. Where the widow also survives, the annuity of each child would be equal to 50 percent of the annuity to which the widow is entitled, but not to exceed \$360, or \$900 divided by the number of children, whichever is less. Where both parents are deceased a child's annuity would be equal to the annuity to which the widow would have been entitled had she survived, but not to exceed \$480, or \$1,200 divided by the number of children, whichever is less. The annuity of a child would terminate upon his attainment of age 18, his marriage, or his death, whichever first occurs, except that in the case of a disabled dependent child the annuity will not be terminated on account of age.

The House bill limited widows' benefits in cases where there are no children to surviving wives who are married to the employee at least 5 years prior to his death. The conference agreement requires marriage of only 2 years.

The House bill provided that upon the death of an officer or employee the amounts deducted from his salary should be returned to his beneficiary or estate, with interest if there are no survivors entitled to annuity based upon the service of the officer or employee, and without interest if there are such survivors. Provision was also made for returning amounts remaining to the credit of a retired employee who dies without having received in annuity payments an amount equal to his deductions from salary with interest to date of retirement. Under the conference agreement refunds would be made only after all rights to survivor annuity based upon the service of an officer or employee shall have terminated, and only if the amount to the credit of the individual account of the officer or employee, plus interest, exceeded the total amount paid in annuities based upon his service.

The House bill provided that its provisions should take effect generally on the first day of the fourth month following the month in which enacted. The conference agreement advances the effective date to the first day of the second month following the month in which enacted. The provisions relating to death benefits, however, are made effective upon the date of enactment.

EDWARD H. REES,
WM. H. STEVENSON,
JOHN C. BUTLER,
TOM MURRAY,
JOHN E. LYLE,

Managers on the part of the House.

○